THE BLAIR TELEPHONE COMPANY
Tariff F.C.C. No. 1
Transmittal No. 1
June 16, 2004

DESCRIPTION AND JUSTIFICATION

INTRODUCTION

The issuing carrier of this interstate access tariff is The Blair Telephone Company ("Blair"), a local exchange carrier serving slightly over 8,000 access lines in and around Blair, Nebraska. Blair herewith submits the tariff base document for its Tariff F.C.C. No. 1 containing its rates and terms for traffic-sensitive switched and special access. Blair will continue to participate in the National Exchange Carrier Association ("NECA") carrier common line and end-user access tariff and settlement pool. This filing is made pursuant to Section 61.39. Blair requests that its proposed access rates be effective for one year. Blair will then file a tariff as required by Section 69.3(f) to be effective July 1, 2005.

Arlington Telephone Company, a local exchange carrier serving approximately 1,100 access lines in and around Arlington, Nebraska, concurs in the tariff submitted herewith by Blair.

COST DEVELOPMENT

The year 2003 cost studies for Blair and Arlington, prepared in accordance with Part 36 and Part 69 rules, were used to determine access revenue requirements. Revenue requirements were developed for the primary cost categories used in the rate development process. Those primary categories are Local Switching, Transport/Tandem Switching, Transport Facility and Special Access. Revenue shifts prescribed by the MAG Order[1] were accomplished within the cost study calculations and are therefore integrated into the revenue requirements used to develop the access rates.

RATE DEVELOPMENT

Revenue requirements for the primary categories, as described above, were combined for the Blair and Arlington study areas to facilitate one set of rates in the rate development process.

The rates for switched access elements were developed by dividing the revenue requirement by the 2003 base year demand. Some miscellaneous items, such as non-recurring rates, were set at current rate levels (NECA rate) and associated revenues were deducted from the base category revenue requirement before the base rates were developed.

[1] Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, *Second Report and Order and Further Notice of Proposed Rulemaking*, FCC 01-304, released November 8, 2001.

The rate for each special access category was developed by apportioning the total special access revenue requirement for Blair and Arlington across each element in relation to the current respective rates (NECA rates) and as determined by the Blair and Arlington year 2003 demand.

SUMMARY

Blair management believes it necessary to exit the NECA traffic-sensitive pool and set rates closer to its costs in order to remain competitive. The rates proposed by Blair in its Tariff F.C.C. No. 1 are lower than the NECA established rates for such services.